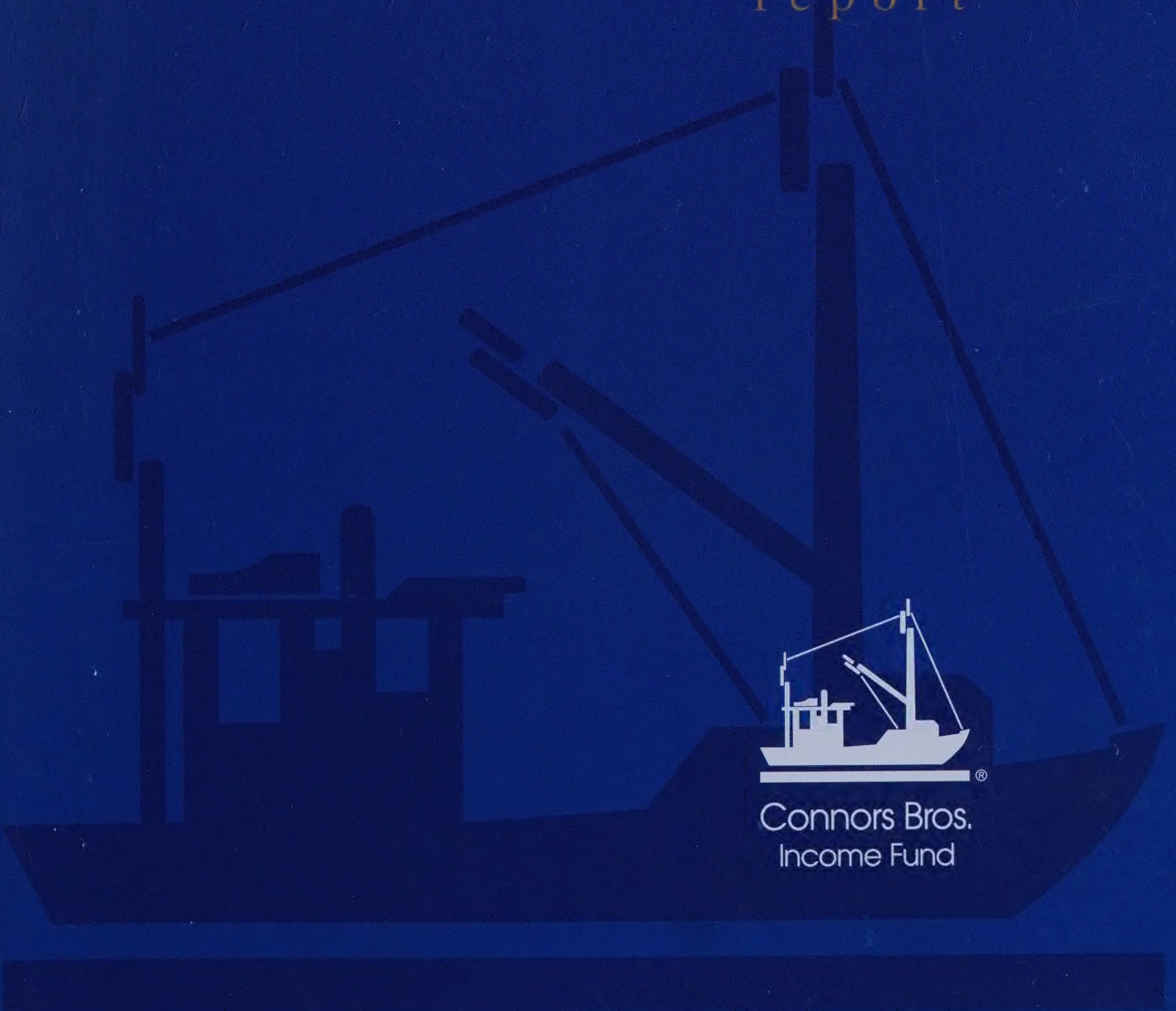
2001 annual report



Connors Bros. Income Fund

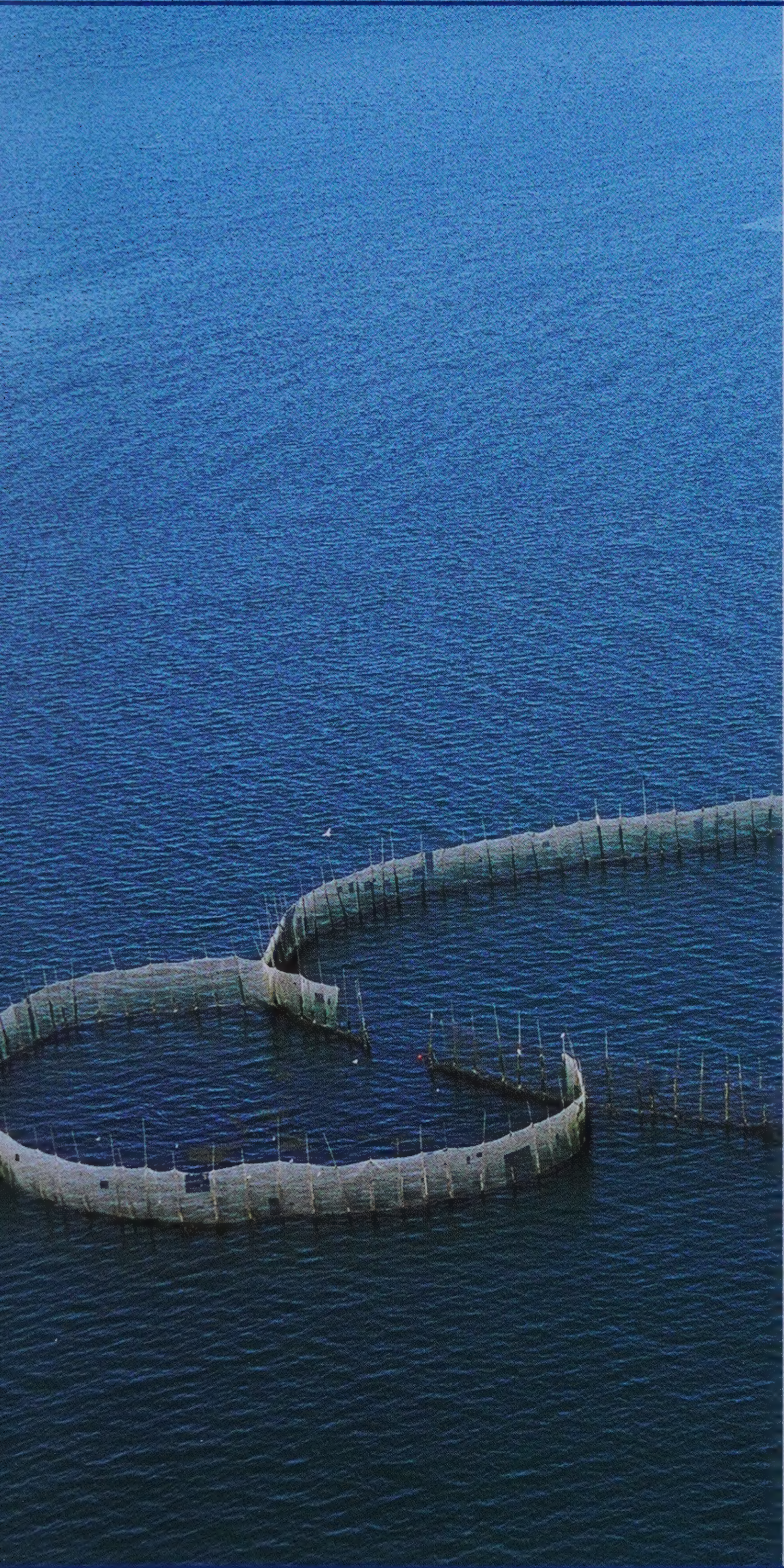
Company Profile

Connors Bros. Income Fund through its wholly owned subsidiary, Connors Bros., Limited, is one of Canada's oldest food producers. An integrated producer of canned sardine and herring products, Connors Bros., Limited operates two canneries and a fishmeal facility on the coast of the Bay of Fundy in New Brunswick, Canada, in addition to two canneries located on the coast of Maine in the United States.

Connors Bros., Limited is the largest producer of canned sardines worldwide and markets its leading brands, including Brunswick® and Beach Cliff®, in over 40 countries.

Connors Bros. Income Fund is a limited purpose trust established under the laws of the Province of Ontario, which holds the securities of Connors Bros., Limited. Fund units are listed on the Toronto Stock Exchange (under CBF.UN) and provide unitholders with monthly cash distributions that reflect the underlying strengths of its business.

Connors Bros.
Income Fund



Financial Highlights

Eight weeks ended December 31, 2001
($ thousands)

Revenue and Earnings	
Revenue	25,033
Gross profit	4,175
Earnings before income taxes and depreciation	2,643
Net earnings	2,029
Financial Position	
Working capital	77,642
Fixed assets	42,937
Total assets	186,319
Unitholders' equity	144,744
Cash Flow	
Cash provided from operating activities	14,991
Capital expenditures	572
Distributable cash	2,444
Cash distributions	1,196
Per Unit Information ($)	
Net earnings	0.13
Distributable cash	0.15
Cash distributions	0.08
Book value	9.30
Market value (year-end)	11.95
Financial Ratios	
Return on revenue	
Gross profit	16.7%
Earnings before income taxes and depreciation	10.6%
Current ratio	2.9:1

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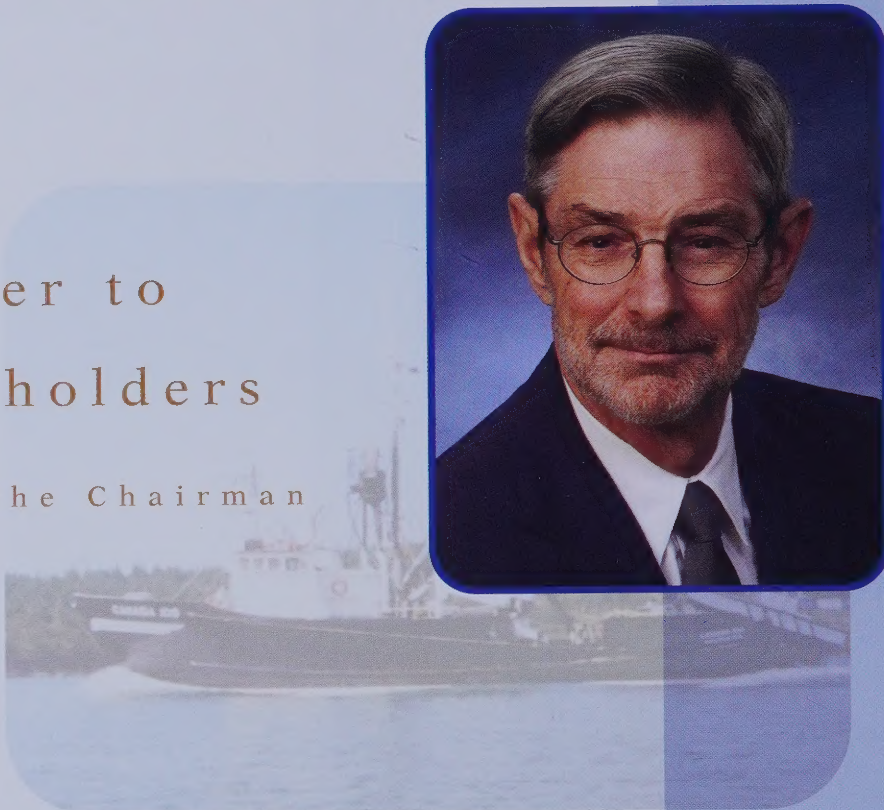
Letter to unitholders

from the Chairman



Connors Bros.
Income Fund

While Connors Bros. Income Fund is in its infancy, our subsidiary, Connors Bros., Limited is one of Canada's oldest food producers and the largest producer of sardines in the world.

It is with great pleasure that we issue the Connors Bros. Income Fund's first annual report to unitholders. With a proud history, a solid operating base, and a sound financial structure, Connors is poised to deliver stable and predictable cash flows to the Fund for many years.

Your Income Fund was successfully launched November 8, 2001 when 15,540,000 units were issued. This was just a month and a half prior to the Company's year-end, therefore the financial data in this document represents just a fraction of a normal reporting period. Nonetheless, we have attempted to lay out in this report a clear picture of the Company's financial position and our future potential.

While Connors Bros. Income Fund is in its infancy, our subsidiary, Connors Bros., Limited is one of Canada's oldest food producers and the largest producer of sardines in the world.

In addition to sardine and herring products, the Company also produces fish meal and fish oil and markets canned specialty seafood products. The company's leading brand names include Beach Cliff®, Brunswick® and Port Clyde®, the number one, two and three canned sardine brands by volume, respectively, in the United States. In fact, our Brunswick® brand has been marketed for over 100 years and is the dominant brand in Canada.

Net earnings for the period from November 8, 2001 to December 31, 2001 were just over $2 million. Connors' history of stable cash flows stems from consistent supply and demand for sardines, which in many of our markets are considered a food staple. The product also enjoys stable prices to end consumers and from a resource perspective, has a long history of reliable access in close proximity to our processing plants.

In recent years, the Company has invested over $20 million in a plant modernization program. Additional capital projects have been identified which will further improve efficiency and reduce operating costs. The integration of Stinson Seafood (purchased in March 2000) also continues to produce operational savings.

We look to 2002 for continued stable cash flows, supported by strong business fundamentals. On the marketing front, increased consumer activity directed at new and existing markets, supplemented by productivity gains in production will contribute to earnings and cash flows.

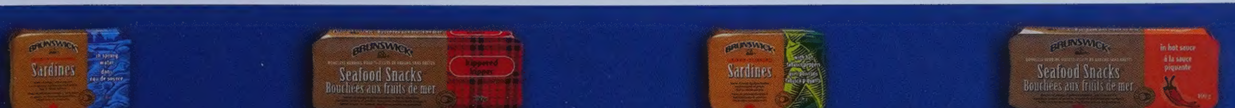
On behalf of your Board of Trustees, I thank Connors' President and Chief Executive Officer, Edward McLean and his management team for their valuable assistance during our initial start-up.

The establishment of this Income Fund, and management's positioning of Connors Bros., Limited in the marketplace have given us a very strong base on which to grow.

It is a great honour to be Chairman of the Connors Bros. Income Fund. Along with my fellow trustees I welcome our unitholders to a strong organization. We look forward to many years of growth and success together.

Derek Oland

Chairman of Trustees



Letter to unitholders

from the CEO

Today, as we look back on a year which saw the establishment of the Connors Bros. Income Fund, I continue to think of the amazing history this company has and I am extremely excited about the endless opportunities before us.

Connors Bros.
Income Fund

For many of us who have been with Connors Bros., Limited for a number of years, 2001 saw significant and positive changes for our Company.

With the issuing of units for the Connors Bros. Income Fund, we have taken a new and bold step in the history of this 109 year-old company. Our commitment to excellence and growth has not waivered and our plans for the future are exciting.

Looking back on the last year, it goes without saying that it was a year of change. The process of traveling around the country to introduce the Connors Bros. Income Fund was an amazing experience and it gave me the opportunity to meet many of our future unitholders. From an operating perspective it was also a year filled with opportunity. We continued to build new markets and are currently in the process of developing very concrete marketing campaigns to launch in Central Canada and the United States. We are confident these will help to further grow our market share well into the future.

As we look at the highlights and successes of the past year and look towards future growth opportunities, I think it is important to remember the humble roots of Connors Bros., Limited and the continued commitment to quality that has served us so well for so many years.

Started in 1893 in Blacks Harbour, New Brunswick, Connors Bros., Limited has grown to become the largest producer of sardines in the world. From a history of one product 109 years ago to a wide-variety of products and flavours available today, we continue to ensure that the consumer receives the very best product at an affordable price.

Today, as we look back on a year which saw the establishment of the Connors Bros. Income Fund, I continue to think of the amazing history this Company has and I am extremely excited about the endless opportunities before us.

Our customers are just one group who has benefited over the years from our commitment to quality. Our employees also reap the rewards of a Company dedicated to its roots as is seen by our presence in New Brunswick. With close to 1,200 direct and indirect employees, Connors Bros., Limited is the largest single employer in Charlotte County, New Brunswick.

I also recognize that it is our employees' commitment to Connors that allows us to be a competitive force on the global market. Our employees all have the same commitment to quality - which benefits our consumers. I am confident that it is this continued commitment that will allow us to compete in a global market and ensure future growth and success.

In addition to our marketing and sales programs, which I have already mentioned, we will continue with our aggressive capital expenditure program in 2002. We will conclude our modernization program of the can and cover operations, install more new high speed machinery in the Blacks Harbour facility and commence modernization of the Stinson plant in Prospect Harbor, Maine.

On behalf of my fellow corporate officers I want to thank all of our employees for their dedication and thank our customers and suppliers for their ongoing support and confidence – during a year of change.

I would also like to thank our consumers who understand that the sardine is a powerhouse of nutritional value that will keep you young and fit.

To our unitholders, I would like to say thank you for the confidence you have shown in Connors by becoming unitholders. It is management's goal to ensure that the financial performance of the company will make you very pleased with your investment.

I invite you to read on to find out more about Connors and some of our exciting plans. Together we will continue to build on the dream started 109 years ago.

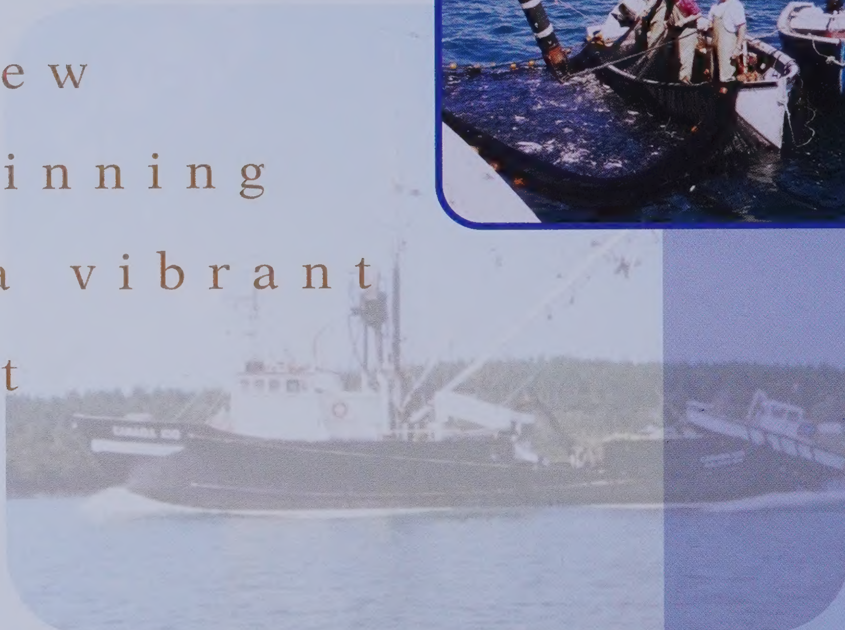
Edward McLean

President and CEO

Connors Bros.
Income Fund

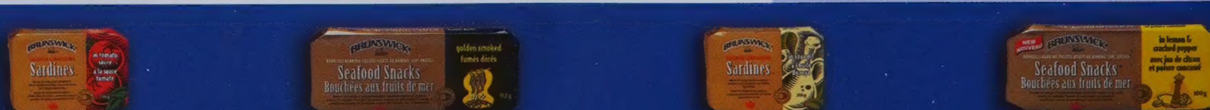
Brown Lighthouse, Wolves Island

A new beginning to a vibrant past

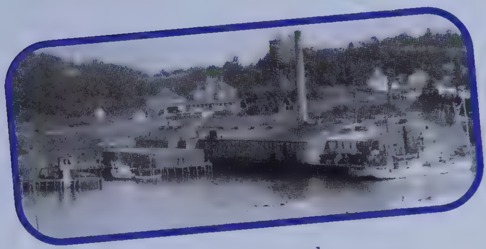


Connors Bros. Income Fund

In 1893,
Lewis and Patrick Connors
formed a joint-stock company,
appropriately naming it
Connors Bros., Limited.



Incorporated in 1893, Connors Bros., Limited has earned the distinction over three centuries of operation of providing premium seafood products to people around the world and bearing a legacy as proud as the seagoing folk of the Maritimes.



Around 1885, brothers Lewis and Patrick Connors began fishing the waters off Blacks Harbour, New Brunswick in a small, open boat named "Hummingbird". A few years later, they built a fishing weir to capitalize on the sizeable stocks of sardine-sized herring that appeared in the clear, icy waters of the Bay of Fundy each summer. Inspired by their leadership, other fishers arrived and began constructing weirs; an opportunity not unnoticed by the ever-industrious Lewis Connors, who soon opened a general store to provide the newcomers with essentials.

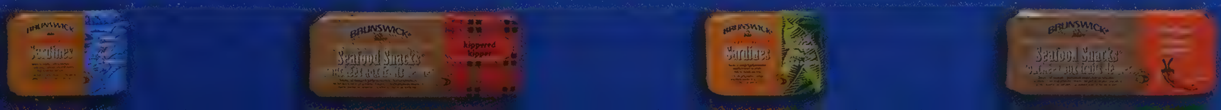
About 1889, the brothers tried their hands at canning blueberries and then Finnan Haddie. Scallops and clams were close on the heels of the Haddie and were produced in significant quantities. Always wanting to do more, the brothers brought canning equipment from Eastport, Maine to Blacks Harbour and began canning sardines in cottonseed oil and mustard. Business grew, and with it, their appetite to do more. In 1893, the two formed a joint-stock company, appropriately naming it Connors Bros., Limited. Two years later, the company started producing machine-made cans, a welcome advance from the days of hand-production. With this efficiency, larger warehouses and new buildings were required. The fishing fleet grew too and other processing plants were acquired.

By 1889, the brand name Brunswick resonated with consumers at home and soon afterward became available in British colonies and foreign countries alike.

In 1923, the company was purchased by a group of Saint John businessmen, including A. Neil McLean and A. M.A. McLean. As the decades passed, other companies were added to the original acquisition, resulting in Connors becoming North America's largest processor of sardines and a major processor of other Atlantic seafood. In 1967, George Weston Limited acquired controlling interest and later purchased 100% of Connors' shares.

On November 8, 2001, George Weston Limited divested the canned seafood division and the Connors Bros. Income Fund was launched with 15,540,000 units being made available through an Initial Public Offering.

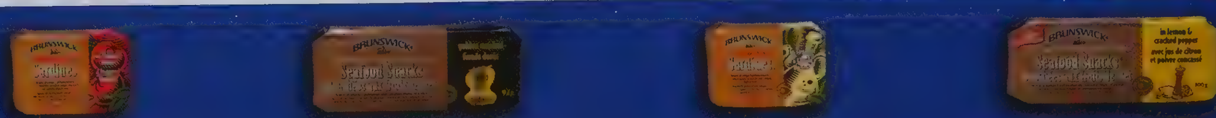
Today, Connors Bros., Limited Blacks Harbour plant is the largest sardine processing facility in the world and the company remains a key marketer of canned seafood. The Fund is listed on the Toronto Stock Exchange under the symbol CBF.UN.



Connors around the world

Connors Bros.
Income Fund

With over 21 different flavours in 3 product styles, Connors markets its products to over 40 countries around the world.

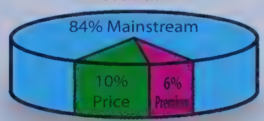


The Company's leading brand names include Brunswick®, Beach Cliff® and Port Clyde®. Connors has marketed the Brunswick brand for over 100 years.

The Canadian and United States canned sardine markets are divided into three segments (i) the "mainstream" segment where sardines are primarily consumed as a snack or meal; (ii) the "price" segment, which serves the price-conscious consumer; and (iii) the "premium" segment, where sardines are consumed on special occasions.

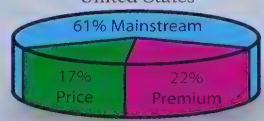
Connors primarily services the "mainstream" segment. The Canadian and United States market breakdown by volume is:

Canada



Source: Ipsos-NPD-CPC, for the 12 months ended June 30, 2000

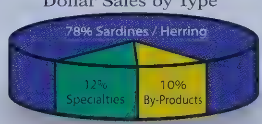
United States



Source: ACNielson-Scan Track, +$2MM Supermarkets, for the 12 months ended September 30, 2000

After the United States and Canada which account for approximately 55% and 10%, respectively, International sales represents approximately 30% of canned sales, with the Caribbean accounting for the majority of International sales. The balance is accounted for in sales to the Canadian International Development Agency and other international aid agencies for distribution to less developed countries.

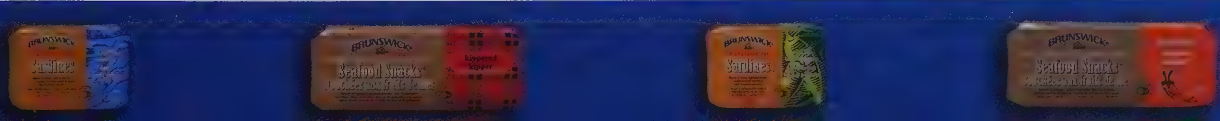
Dollar Sales by Type



Connors is the sole producer of sardines in Canada and the largest producer in the United States. Connors also produces large volumes of fish meal and fish oil in Canada.

The company also markets a number of different specialty products such as crabmeat, baby clams, surf clams, shrimp, smoked mussels, smoked oysters and mackerel under the Brunswick brand. In addition to the branded sales, Connors sells a number of private-label sardine products to major grocery chains in various markets.

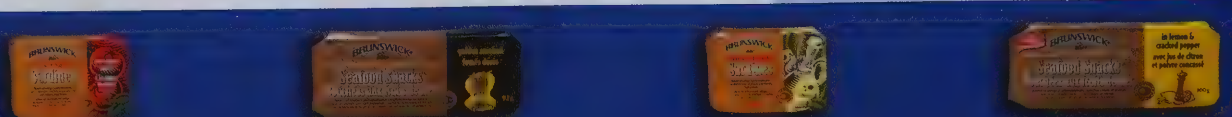
Inventory is stocked in public warehouses in Canada, the United States or Mexico or in Connors own warehouses in New Brunswick or Maine. In the United States and Canada, Connors distributes its canned seafood products through most traditional distribution channels including supermarkets, mass merchandisers, drug stores, warehouse clubs, convenience stores and independent grocers. International distribution varies from market to market and country to country. A majority of the International sales are made to the end customer directly from Blacks Harbour, New Brunswick.



Start a healthy habit

Connors Bros.
Income Fund

Recognizing the trend towards healthier lifestyles and capitalizing on the many nutritional benefits of sardines and herring, we are introducing these amazing fish products to a new generation of consumers.



Connors Bros., Limited, the world's leading sardine producer, can attribute its success, in part, to the extraordinary nutritional benefits of its products.

The Canadian and U.S. sardine industry is based on juvenile Atlantic herring, while larger herring are filleted and used in our Seafood Snacks product line or cut into steaks for our Fish Steaks product line.

More than a tasty snack or quick meal, recent studies show what Connors Bros., Limited has known for over 100 years – sardines and herring are good for you.

The nutritional benefits of consuming sardines and herring are considerable as they are packed with Omega-3 fatty acids and 13 other essential nutrients - key for maintaining a healthy diet.

In study after study, independent clinical medical research links Omega-3 fatty acids to playing a significant role in:

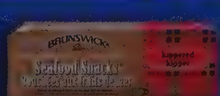
- reducing the incidence of heart disease
- reducing bad LDL cholesterol and triglyceride levels, while increasing good HDL cholesterol levels
- reducing the risk of heart attack and stroke by decreasing the chance of blood clot formation
- in some cases, helping to alleviate the symptoms of asthma, arthritis, hypertension and psoriasis

Other studies show omega-3's may also play a preventive role in some cancers and Alzheimer's disease. On-going research and clinical studies continue to establish the important role that Omega-3 fatty acids play in human health.

So compelling are the benefits of eating fatty fish, like sardines and herring, that the American Heart Association recently amended its dietary recommendations and advised the public that they should eat at least two servings of fatty fish each week.

The nutritional benefits don't just begin and end with Omega-3 fatty acids. In addition, our sardines and herring products contain the following key nutrients:

Calcium	required by the body for maintaining healthy bones and teeth. Getting adequate quantities of calcium is key in reducing the risk of osteoporosis.
Vitamin D	essential for normal growth and development; it helps form and maintain bones and teeth and influences the absorption of calcium and phosphorous.
Iron	helps build red blood cells. It helps improve concentration, helps prevent anemia and lowers susceptibility to colds and infections.
Potassium	helps the body to maintain normal water balance and regulate neuromuscular activity. It also promotes cellular growth.
Protein	helps build and repair body tissues and helps build antibodies.
Vitamin B-12	needed for building red blood cells and for the proper functioning of both the nervous system and the gastrointestinal tract.
Riboflavin	essential for growth. It plays a role in protein, carbohydrate, and fat metabolism.

It's this kind of information that has formed the basis of several recent and successful marketing campaigns. Recognizing the trend towards healthier lifestyles and capitalizing on the many nutritional benefits of sardines and herring, we are introducing these amazing fish products to a new generation of consumers.

Sardine Wrap-Ups

2 cans	**BRUNSWICK® SARDINES IN SOYA OIL**, drained for added flavour, try **BRUNSWICK® SARDINES IN MUSTARD SAUCE,IN TOMATO SAUCE** or with **HOT TABASCO PEPPERS**
4	Soft tortillas or other flat bread
1/2 cup	Grated mozzarella or Monterey Jack cheese
Choice of :	Onion slices Shredded lettuce Sweet green pepper strips, Pickle slices Tomato slices, Black olive pieces Cucumber slices, Jalapeno pepper slices Ranch dressing, Mustard or Mayonnaise

Flake **BRUNSWICK® SARDINES** with a fork. Spread a layer of sardine pieces over the bread. Top with cheese, dressing and other fillings of choice. Roll the sandwich wrap, jelly-roll fashion, and secure with a toothpick. Makes 4 servings.

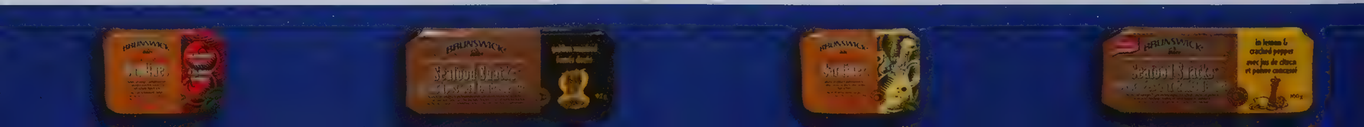
Total preparation time : 15 minutes.

NUTRITION INFORMATION
PER SERVING
serving size : 1 wrap-up

Calories	about 365
Protein	19 g
Total Fat	17 g
Cholesterol	70 mg
Omega-3	0.3 g
Carbohydrate	33 g
Fibre	1 g
Sugars	2 g
Sodium	690 mg
Potassium	315 mg
Calcium	23 %
Iron	21 %

For more recipes call 1-800-SARDINE

Connors Bros.
Income Fund

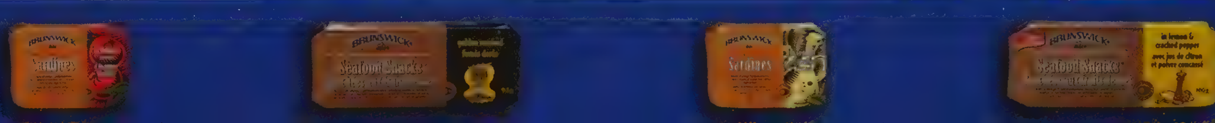



BRUNSWICK
Seafood Snacks
BRUNSWICK
Sardines
BRUNSWICK
Seafood Snacks

Management's Discussion and Analysis

Connors Bros.
Income Fund

Connors Bros. Income Fund (the "Fund") commenced operations on November 8, 2001, when it completed an Initial Public Offering (the "IPO") and purchased various assets and related businesses from George Weston Limited. The Fund is dependent on the operations of its wholly owned subsidiary, Connors Bros., Limited ("Connors" or the "Company").



Results of Operations

Revenue for the eight weeks ended December 31, 2001 was $25.0 million. As the Fund commenced operations on November 8, 2001, there is no comparative 2000 period.

Revenue from sales of canned product performed as expected with sales reaching $22.6 million, representing 90.4% of total revenue. Sales to the U.S. market were $12.5 million and represented 55.3% of canned product sales. International sales were $6.8 million, which is 30.1% of canned product sales, while sales to the Domestic market were $2.3 million, representing 10.1% of canned product sales. Food Aid sales, representing 4.6% or $1.0 million of canned product sales, typically generate lower margins and are opportunistic in nature. Food Aid sales are dependent on the Canadian government providing aid to less developed countries.

By-Product sales of $2.4 million consist of fish meal and fish oil sold primarily to the aquaculture, pet food and leather tanning industries.

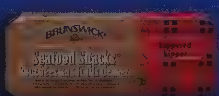
Gross profit was $4.2 million or 16.7% of revenue, which was as expected. This is reflective of limited production during this period due in part to the seasonal nature of fish processing.

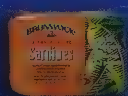
Selling, general and administrative expenses for the period were $1.5 million or 6.1% of revenue. In aggregate, selling, general and administrative expenses were in line with expectations.

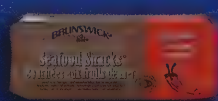
Earnings before income taxes and depreciation were $2.6 million, or 10.4% of revenue.

Earnings before income taxes were $1.9 million, after deducting depreciation expense of $0.7 million. Depreciation expense as a percent of revenue was 2.8% and was in line with expectations.

Net earnings of the Fund for the eight weeks ended December 31, 2001 were $2.0 million or $0.13 per trust unit (15,540,000 units outstanding).







Distributable Cash

During the eight weeks ended December 31, 2001, the Company generated $2.4 million of distributable cash. On a per unit basis, distributable cash was $0.15 for the period.

On December 20, 2001, the Fund distributed $0.077 to each unitholder of record at November 30, 2001. This distribution was forecast in the prospectus, which qualified the IPO and the total cash requirement for this distribution as $1.2 million. A further cash distribution of $0.10 per unit was paid on January 29, 2002 to each unitholder of record at December 31, 2001. The total cash requirement for this distribution was $1.6 million. On January 18, 2002 a distribution of $0.10 per unit was declared, payable on February 28, 2002 to unitholders of record at January 31, 2002. Total cash requirement for this distribution was $1.6 million.

Cash Flow and Liquidity

On November 8, 2001, the Fund completed an IPO and sold 15.5 million units to the public for gross proceeds of $155.4 million. The net proceeds from the IPO were used to purchase assets and related businesses from George Weston Limited. Additional details concerning the issue of units and the purchase of assets/businesses are contained in Note 1 to the December 31, 2001 Consolidated Financial Statements.

During the period ended December 31, 2001, the Company generated $15.0 million in cash flow from operating activities, primarily due to the decrease in operating working capital, excluding cash. The decrease in non-cash working capital was primarily due to inventory, which reflects the inherent seasonal nature of the operation.

Accrued liabilities include an amount payable to George Weston Limited of $17.4 million relating to the final settlement of the balance of working capital resulting from the purchase of assets previously discussed. Of this balance, $7.0 million will be paid to George Weston Limited during the first quarter of 2002, with the balance being paid by the end of the third quarter of 2002.

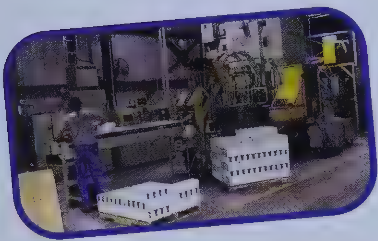
Cash and cash equivalents at the end of the period increased to $19.3 million from the November 8, 2001 opening balance of nil. The Company has in place, consistent with the IPO, a $40.0 million credit facility, $10.0 million to finance working capital and $30.0 million to finance future capital expenditures. As at December 31, 2001, the Company had not borrowed funds under the credit facility.

Capital Resources

To comply with a consent decree signed with the Attorney General of the State of Maine in 2000, the Company must invest US$12.0 million in the state by the year 2012. Of this amount, US$7.0 million must be invested by 2003. In addition, the Company must maintain minimum annual production of 550,000 cases and must have in place annual production capacity of one million cases in Maine at the end of the twelfth year following the acquisition. To December 31, 2001, the Company has spent approximately US$ 3.1million.

Recently Issued Accounting Standards

In August 2001, the Canadian Institute of Chartered Accountants ("CICA") issued two accounting standards; Section 1581 "Business Combinations" ("Section 1581") and Section 3062 "Goodwill and Other Intangible Assets" ("Section 3062"). Section 1581 requires that the purchase method of accounting be used for all business combinations. Section 1581 specifies criteria that intangible assets acquired in a business combination must meet to be recognized and reported separately from goodwill. Section 3062 requires that goodwill and intangible assets with indefinite useful lives no longer be amortized, but instead be tested for impairment at least annually.



The Fund adopted the provisions of section 1581 and certain of the provisions in section 3062 as of November 8, 2001.

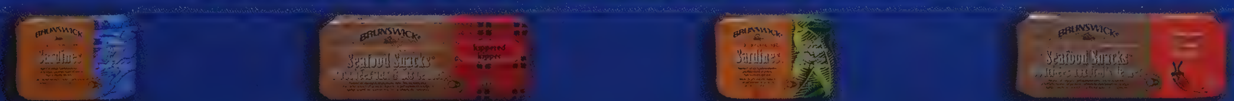
The Fund evaluated its existing intangible assets and goodwill that were acquired in the purchase of the business, and made necessary reclassifications in order to conform with the new classification criteria in Section 1581. In accordance with Section 3062, goodwill and intangible assets have not been amortized. The Fund will be required to test the intangible asset for impairment in accordance with the provisions of Section 3062 within the first interim period. Impairment is measured as the excess of carrying value over the fair value of an intangible asset with an indefinite life. Any impairment loss will be measured as of the date of adoption and recognized as a period adjustment to opening unitholders equity at January 1, 2002.

In November 2001, the CICA issued Accounting Guideline 13, "Hedging Relationships" ("AcG 13"). AcG 13 establishes new criteria for hedge accounting and will apply to all hedging relationships in effect on or after January 1, 2003. On January 1, 2003 the Fund will re-assess all hedging relationships to determine whether the criteria are met or not and will apply the new guidance on a prospective basis. To qualify for hedge accounting, the hedging relationship must be appropriately documented at the inception of the hedge and there must be reasonable assurance, both at inception and throughout the term of the hedge, that the hedging relationship will be effective. Effectiveness requires a high correlation of changes in fair values or cash flows between the hedged item and the hedge. The Fund is in the process of documenting all hedging relationships and has not yet determined whether any of their current hedging relationships will not meet the new hedging criteria.

BRUNSWICK®

In December 2001, the CICA issued Section 3870, "Stock-based Compensation and Other Stock-based Payments", ("Section 3870"). Section 3870 establishes standards for the recognition, measurement, and disclosure of stock-based compensation and other stock-based payments made in exchange for goods or services provided by employees and non-employees. In the case of the Income Fund, Section 3870 applies to transactions in which trust units are granted or liabilities incurred based on the price of the trust units. As of December 31, 2001, no Stock-based Compensation plan is in place.

The Fund does not believe that the adoption of these standards will have a material impact on the Company's financial condition or results of operations.



Business Risks

Revenue

Demand for the Company's products is subject to fluctuations resulting from adverse changes in general economic conditions, evolving consumer preferences and nutritional and health related concerns.

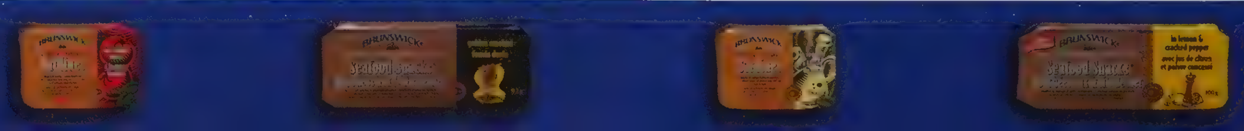
The Company, consistent with industry practice, does not have long-term agreements with its customers. Accordingly, a customer may, on relatively short notice, decide that it wishes to cease selling the Company's products. The loss of a significant customer may have a material adverse effect on the Company's financial condition and results of operations. As at December 31, 2001, no one customer represented greater than 4% of total revenue.

In addition, the Company is subject to extensive laws, rules, regulations and policies with respect to the production, processing, preparation, distribution, packaging and labeling of its food products. Changes to these laws, rules, regulations and policies could have a significant impact on the Company's business.

Competitors

The food processing industry in North America is highly competitive. Certain of the Company's competitors have economic resources greater than those of the Company and are well established as suppliers to the markets that the Company serves. Accordingly, such competitors may be better able to withstand volatility within industries and throughout the economy as a whole while retaining significantly greater operating and financial flexibility than the Company. There can be no assurance that the Company will be able to compete successfully against its current or future competitors or that such competition will not have a material adverse effect on the Company's financial condition and results of operations.

Connors Bros.
Income Fund



Operational Risk

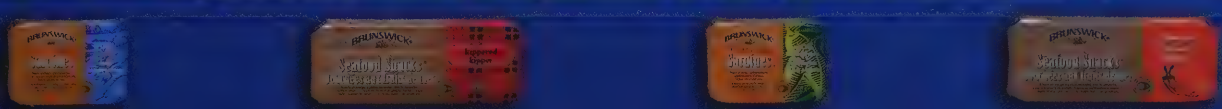
The Company is dependent on a continuing supply of herring that meets its quality and quantity requirements. The supply of herring is dependent on the biomass of the stocks being fished and the ability to procure the required portion of the biomass. There are significant uncertainties inherent in any assessment of a migratory fish resource, as sampling methods employed by fishery regulators, such as bottom trawl fishing or hydro-acoustic surveying, will not necessarily be indicative of the size, health or composition of the herring resource across all fishing areas.

A significant portion of the Company's herring requirement is sourced from the Bay of Fundy weir fishery. Water temperatures, feed in the water and the presence of predators all influence the level of the weir catch, and weir locations are not necessarily consistently successful year to year. In addition, the growth of the salmon farming industry in the Bay of Fundy has increased competition for weir sites, and has resulted in certain weir fishermen exiting the herring fishery as weir locations are converted to salmon farming sites.

The availability of herring in Canadian and U.S. waters is also dependent on the Total Allowable Catch ("TAC") in a given management area and, in Canada, boat quotas that are set annually. Although the TAC in these areas and the Company's annual share of fish quotas in Canada have been largely stable, fishery regulators have the right to make changes in the TAC and quotas based on their assessment of the resource from time to time. Any significant reduction in the TAC or quotas in the areas from which the Company sources herring may have a material adverse effect on the Company's financial condition and results of operations.

The Company is subject to potential product liabilities connected with its food processing operations, including liabilities and expenses associated with product defects and handling such as the potential contaminations of ingredients or products by bacteria or other external agents. Connors has in place product liability and other insurance coverage that it believes will generally be in accordance with the market practice in its industry, but there can be no assurance that the Company will always be adequately insured against all such potential liabilities.

The Company's operations are subject to numerous laws related to environmental liabilities. The Company has performed site assessments at its facilities. When it is probable that a liability to remediate a site will be incurred and the amount can be estimated, an accrual is made. When the Company cannot determine the likelihood that remediation will be required on the site, no liability is accrued. The Company's estimate of the cost of remediation on sites for which the likelihood cannot be determined that remediation will be



required is $0.7 to $1.1 million. The Company uses fresh water in its food production processes. At the Blacks Harbour facility, the Company's fresh water requirements are met through the operation of deep-water wells owned by the Company. In addition, the Company has supplied fresh water from its Blacks Harbour facility to the village of Blacks Harbour for approximately 30 years, and to certain residents of nearby Beaver Harbour for approximately 20 years, for residential purposes. Any adverse quality or quantity issues relating to the water supply may have a material adverse effect on the Company's financial condition and results of operations.

Foreign Exchange Risk

The Company derives approximately 54% of its revenues from the United States and manages its exposure to fluctuations in exchange rates on United States dollar denominated revenues using currency derivative agreements to exchange Canadian dollars. As at December 31, 2001 the Company had in place contracts with a major financial institution to exchange Canadian dollars for up to US$46.0 million, maturing monthly through November 2003. Currency adjustments receivable or payable arising from the derivatives may be settled in cash on maturity or the term may be extended.

Reliance on Key Personnel

The Company's operations are dependent on the abilities, experience and efforts of its senior management. The business prospects of the Company may be adversely affected should any of these persons be unable or unwilling to continue employment with the Company.

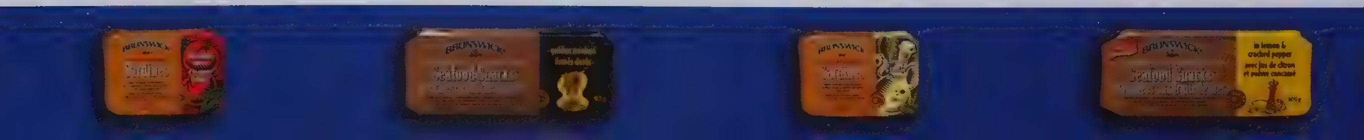
Employee Relations

The success of the Company's business depends on a large number of employees, particularly during peak periods, employed at its four fish processing plants. Any organized work stoppage or other similar job action at one or more of these plants may have a material adverse effect on the Company's financial condition and results of operations.

Outlook

To date, the economic downturn has had little effect on the Company, and our diversity in customer base provides us with some measure of downside protection.

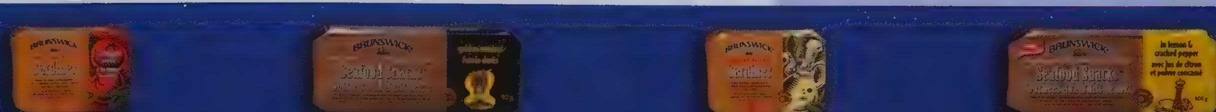
Operationally, we plan to maintain our gross margins through both increased consumer activity in the marketplace and productivity gains resulting from our capital investment programs. In addition, we are striving to enhance cash flow by lowering our existing inventory levels to a more appropriate level, creating a one-time cash benefit.



Duck Island Ledge - "The Mumps", Grand Manan

Consolidated Financial Statements

Connors Bros.
Income Fund



Management's Statement of Responsibility

Management is responsible for the preparation and presentation of the consolidated financial statements and all other information in the Annual Report. This responsibility includes the selection and consistent application of appropriate accounting principles and methods in addition to making judgements and estimates necessary to prepare the consolidated financial statements in accordance with Canadian generally accepted accounting principles. It also includes ensuring that the other financial information presented elsewhere in the Annual Report is consistent with the consolidated financial statements.

The Company maintains appropriate systems of internal control, policies and procedures, which provide management with reasonable assurance that assets are safeguarded and the financial records, are reliable and form a proper basis for preparation of financial statements. The consolidated financial statements have been audited by the independent auditors, KPMG LLP, whose report is included on the following page.

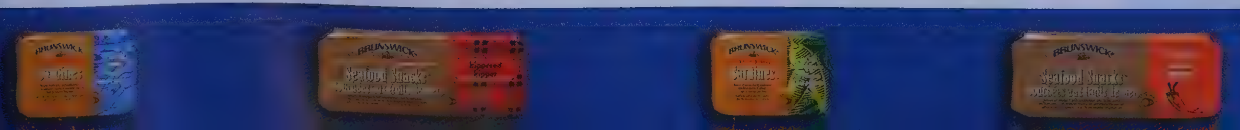
The Board of Directors and the Trustees ensure that management fulfills its responsibilities for financial reporting and internal control through an Audit Committee. This committee reviews the consolidated financial statements and reports to the Trustees. The auditors have full and direct access to the Audit Committee.

January 25, 2002

Edward McLean
President and Chief Executive Officer

Bruno Del Bel
Chief Financial Officer

Connors Bros.
Income Fund



Auditors' Report

To the Unitholders of
Connors Bros. Income Fund

We have audited the consolidated balance sheet of Connors Bros. Income Fund as at December 31, 2001 and the consolidated statements of earnings and deficit and cash flows for the period then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

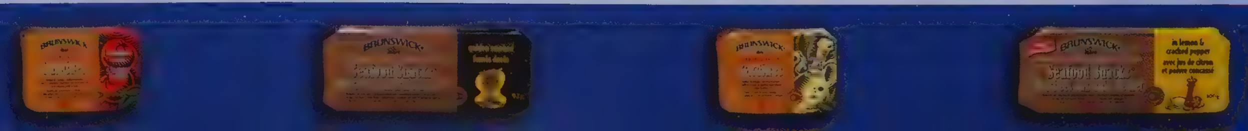
In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2001 and the results of its operations and its cash flows for the period then ended in accordance with the Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Saint John, Canada
January 25, 2002

Connors Bros.
Income Fund



CONNORS BROS. INCOME FUND

Consolidated Balance Sheet

As at December 31, 2001
($ thousands)

Assets

Current Assets	
Cash and cash equivalents	$ 19,306
Accounts receivable	21,628
Inventories (note 3)	73,404
Prepaid expenses and other assets	1,993
Future income taxes (note 5)	2,315
	118,646
Deferred charge	640
Property, plant and equipment (note 4)	42,937
Future income taxes (note 5)	317
Brands and trademarks	15,022
Goodwill	8,757
	$ 186,319

Liabilities and Unitholders' Equity

Current Liabilities	
Cash distributions payable	$ 1,554
Accounts payable and accrued liabilities	39,117
Income taxes payable	133
Long-term debt due within one year	200
	41,004
Long-term debt	398
Pension benefit liability (note 6)	173
	41,575

Unitholders' Equity

Units issued (note 7)	145,465
Deficit	(721)
	144,744
	$ 186,319

Doug Young
Trustee

Paul Marion
Trustee

Connors Bros.
Income Fund

See accompanying notes to consolidated financial statements.

CONNORS BROS. INCOME FUND

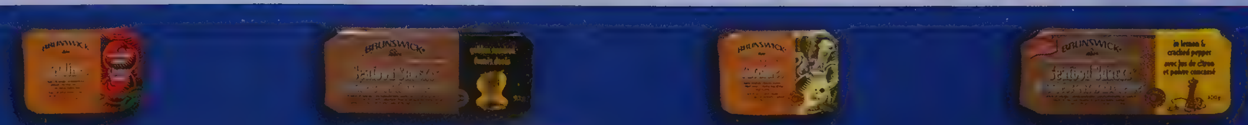
Consolidated Statement of Earnings and Deficit

November 8, 2001 to December 31, 2001

($ thousands)

Revenue	$ 25,033
Cost of sales	20,858
Gross profit	4,175
Selling, general, administrative and other costs	1,532
Earnings before income taxes and depreciation	2,643
Depreciation	709
Earnings before income taxes	1,934
Income taxes:	
Current	106
Future	(201)
Net earnings	2,029
Distributions to unitholders	(2,750)
Deficit	$ (721)
Net earnings per trust unit (15,540,000 units outstanding)	
Basic	$ 0.13

Connors Bros.
Income Fund



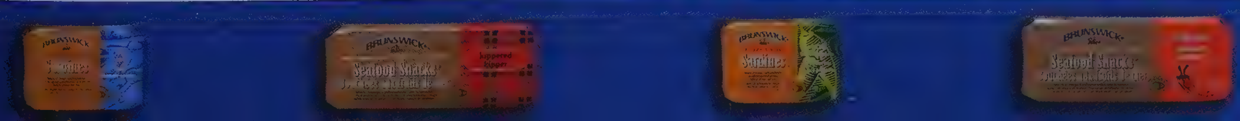
CONNORS BROS. INCOME FUND

Consolidated Statement of Cash Flows

November 8, 2001 to December 31, 2001
($ thousands)

Operating activities	
Net earnings	$ 2,029
Items not affecting cash:	
Depreciation	709
Future income taxes	(201)
	2,537
Decrease in operating working capital, excluding cash	12,454
Cash provided from operating activities	14,991
Investing activities	
Acquisition of "Connors" Business	(139,365)
Additions to property, plant and equipment	(572)
Cash used in investing activities	(139,937)
Financing activities	
Reduction in long-term debt	(17)
Issue of trust units	145,465
Cash provided from financing activities	145,448
Cash distributions paid	(1,196)
Increase in cash and cash equivalents	19,306
Cash and cash equivalents – beginning of the period	0
Cash and cash equivalents – end of period	$ 19,306
Other cash flow information	
Net income taxes paid	$ 0
Net interest paid	$ 0

Connors Bros.
Income Fund



Notes to Consolidated Financial Statements

December 31, 2001
($ thousands)

1. ORGANIZATION AND DESCRIPTION OF THE BUSINESS

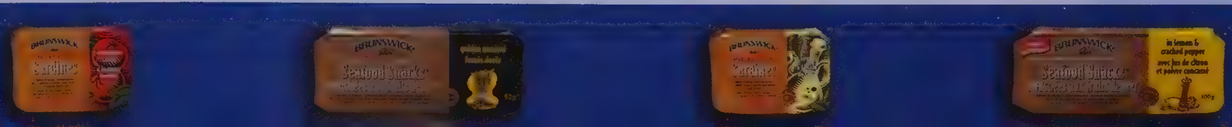
Connors Bros. Income Fund (the "Fund") is a limited purpose trust established under the laws of the Province of Ontario pursuant to a Declaration of Trust dated September 24, 2001. The Fund has been created to invest in Common Shares and 13.0% unsecured, subordinated notes of Connors Bros., Limited (the "Company"), its wholly owned subsidiary. Each Unitholder participates pro rata in any distribution from the Fund. Income tax obligations related to the distributions of the Trust are the obligations of the Unitholders.

The Company was incorporated on January 2, 1998. It is a successor company to Connors Bros., Limited, which was first incorporated in 1893. On October 26, 2001, the Fund filed a final prospectus for the sale to the public of 15,540,000 units at a price of $10.00 per unit for net proceeds of $145,464,500, after deducting expenses of the offering and underwriters' fees in the amount of $9,935,500. Immediately prior to closing of the offering, George Weston Limited ("Weston"), through a series of transactions, completed a reorganization of the canned seafood business of the Company as well as its subsidiaries (the "Operation"). As a result of the reorganization, the Operations became owned by a subsidiary of Weston through a combination of shares and indebtedness. The Fund on November 8, 2001, acquired the common shares and indebtedness of the Operations from the subsidiary of Weston, for cash through a wholly owned subsidiary.

As a result of these transactions the Fund, directly or indirectly, owns all the common shares and $120,000,000 aggregate principal amount of unsecured subordinated notes of the Company.

The acquisition of the Company by the Fund has been accounted for by the purchase method. These consolidated financial statements reflect assets and liabilities of the Company at assigned fair values including acquisition costs as follows:

Current assets	$ 108,957
Property, plant and equipment	43,074
Goodwill	8,757
Brands and trademarks	15,000
Other	661
Future income taxes	2,431
Current liabilities	(21,337)
Working capital adjustment payable to George Weston Limited	(17,396)
Pension benefit liability	(167)
Debt	(615)
Cash consideration	$ 139,365



2. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles.

(a) Basis of presentation
These consolidated financial statements combine the accounts of the Fund and its wholly owned subsidiaries from the date of acquisition on November 8, 2001. The principal operating subsidiaries are Connors Bros., Limited (NB), Stinson Seafood (2001) Inc.(Delaware), Brunswick Pescados Y Mariscos S.A. de C.V. (Mexico), BPM Servicios S.A. de C.V. (Mexico), and Blacks Harbour Transfer Ltd. (NB).

(b) Cash and cash equivalents
Cash equivalents are comprised of highly liquid investments having original terms to maturity of 90 days or less when acquired. They are valued at cost plus accrued interest, which approximates market value.

(c) Inventories
Inventories are stated at the lower of cost and net realizable value. Cost is determined substantially using the first-in, first-out method.

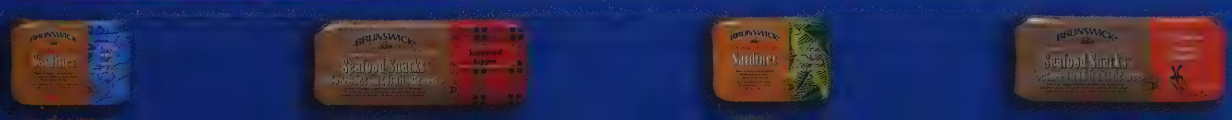
(d) Property, plant and equipment
Property, plant and equipment are stated at cost. Depreciation is recorded principally on a straight-line basis to amortize the cost of these assets over their estimated useful lives. Estimated useful lives range from 20 to 40 years for buildings and 2 to 10 years for equipment and fixtures. Leasehold improvements are depreciated over the lesser of the applicable useful life and the term of the lease.

(e) Brands and trademarks
Brands and trademarks represent intangible assets acquired in a business combination that meet the specified criteria for recognition apart from goodwill, and are recorded at their fair value. The cost incurred to enhance the service potential of an intangible asset is capitalized as a betterment. Costs incurred in the maintenance of the service potential of intangible assets are expensed as incurred.

Brands and trademarks have indefinite useful lives. Accordingly, they are not amortized and are tested for impairment annually, or more frequently if events or changes in circumstances indicate that the asset might be impaired. The impairment test compares the carrying amount of the brands and trademarks with their fair value, and an impairment loss is recognized in income for the excess, if any.

(f) Goodwill
Goodwill is the residual amount that results when the purchase price of an acquired business exceeds the sum of the amounts allocated to the assets acquired, less liabilities assumed, based on their fair values.

Goodwill is not amortized and is tested for impairment annually, or more frequently if events or changes in circumstances indicate that the asset might be impaired. When the carrying amount of reporting unit goodwill exceeds the implied fair value of the goodwill, an impairment loss is recognized in an amount equal to the excess and is presented as a separate line item in the statement of operations.



(g) Revenue recognition

Revenue from the sale of products is recognized at the time of shipment.

(h) Translation of foreign currencies

The accounts of the Fund's foreign self-sustaining operation are translated into Canadian dollars using the current rate method. Assets and liabilities are translated at the exchange rate in effect at the balance sheet date and revenue and expense are translated at average exchange rates for the year. Gains or losses arising from the translation of the financial statements of self-staining foreign operation are deferred in a "cumulative foreign currency translation adjustment" in unitholders' equity.

Foreign monetary assets and liabilities of the Canadian operations and integrated foreign operations have been translated into Canadian dollars using the rate of exchange in effect at the balance sheet date and foreign non-monetary balances are translated at their historical exchange rates. Exchange gains or losses arising from translation of these foreign monetary balances are reflected in the current year's earnings.

Revenues and expenses denominated in foreign currencies are translated at the average exchange rates for the year.

(i) Income taxes

Income taxes are accounted for by the asset and liability method of tax allocation. Under the asset and liability method, future income taxes are recognized for temporary differences between the tax and accounting bases of the Fund's assets and liabilities based on income tax rates and income tax laws that are expected to apply in the periods in which the differences are expected to affect income.

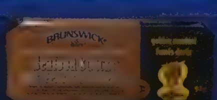
(j) Pension benefits

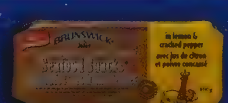
The Company accrues its obligation under employee pension benefit plans and the related costs, net of plan assets. The Company has the following accounting procedures with respect to these benefit plans.

The cost of the pension benefits earned by employees is actuarially determined using the projected benefit method pro rated on service and management's best estimate of expected plan investment performance, salary escalation, and retirement ages of employees.

For the purpose of calculating the expected return on plan assets, those assets are valued at fair value. Past service costs from plan amendments are amortized on a straight-line basis over the average remaining service period of employees active at the date of the amendment. The excess of the net actuarial gain or loss over 10% of the greater of the accrued benefit obligation and the fair value of plan assets is amortized over the average remaining service period of active employees. The average remaining service period of the active employees covered by the pension plan is 13 years.

The Company has hourly and salaried defined benefit plans providing pension benefits in which the Company's employees participate.



(k) Financial derivatives

The Company uses currency derivatives to manage its exposure to fluctuations in exchange rates. When entered into, these derivatives are designated as hedges of the underlying asset, liability, firm commitment or anticipated transaction. Gains or losses on hedges of existing assets or liabilities are deferred. Unrealized gains or losses on hedged commitments or anticipated transactions are not recorded in the consolidated financial statements until the transaction occurs.

(l) Use of estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. These estimates are based on management's best knowledge of current events and actions that the Fund may undertake in the future.

3. INVENTORIES

	2001
Raw materials	$ 8,459
Finished goods	64,945
	$ 73,404

4. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated Depreciation	2001 Net
Land	$ 1,900		$ 1,900
Buildings	16,454	$ 79	16,375
Equipment and fixtures	23,903	630	23,273
Assets under construction	1,389		1,389
	$ 43,646	$ 709	$ 42,937

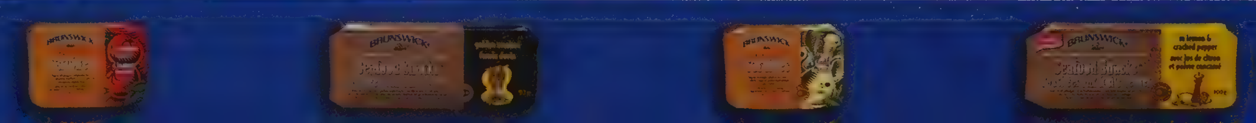
5. INCOME TAXES

The provision for income tax in the consolidated statement of earnings represents an effective tax rate different than the Canadian statutory rate of 44.1%. The differences are as follows:

		2001
Computed income tax expense at Canadian statutory rate	$	856
Net increase(decrease) resulting from:		
Income of trust distributed directly to unitholders		(858)
Manufacturing and processing tax credit		(106)
Large corporations tax		55
Other		(42)
Income tax expense	$	(95)

The income tax effects of temporary differences that gave rise to significant portions of the future income tax assets and future income tax liabilities are presented below:

Future income tax assets		
Accounts payable and accrued liabilities	$	1,577
Losses carried forward		951
Property, plant and equipment		870
Other		104
		3,502
Future income tax liabilities		
Goodwill		(592)
Inventory		(78)
Other		(200)
		(870)
Net future income tax asset	$	2,632



6. PENSION BENEFITS

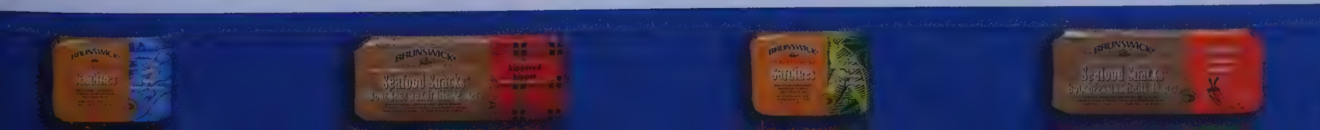
The Company has hourly and salaried defined benefit plans providing pension benefits in which the Company's employees participate.

Information about the Company's defined benefit plans, is as follows:

	2001
Change in accrued benefit obligation	
Balance, November 8, 2001	$ 25,449
Current service cost	59
Interest cost	245
Employee Contribution	92
Benefits paid	(240)
Actuarial gains(losses)	(678)
Balance end of period	$ 24,927
Change in plan assets	
Fair value, November 8, 2001	$ 25,282
Actual return on plan assets	1,197
Employee contributions	92
Benefits paid	(240)
Fair value, end of period	$ 26,331
Funded status	
Plan surplus	$ 1,404
Unamortized actuarial losses	(1,577)
Accrued benefit liability	$ (173)
Net benefit plan expense	
Current service cost	$ 59
Interest cost	245
Expected return on plan assets	(298)
Net benefit plan expense	$ 6

The significant actuarial weighted average assumptions were as follows:

Discount rate	6.75%
Expected long term rate of return on plan assets	8.0%
Rate of compensation increase	3.0%



7. UNITHOLDERS

On November 8, 2001, the Fund through an Initial Public Offering sold 15,540,000 trust units at $10 per unit, proceeds of which net of issue costs, facilitated the acquisition of the Company.

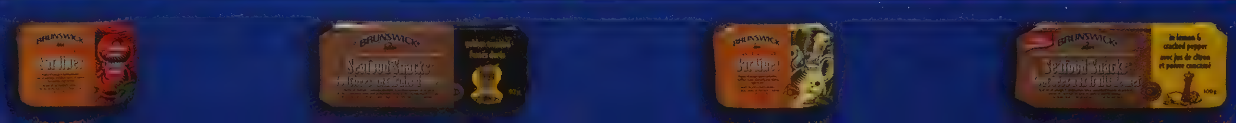
Issued during the period:	
15,540,000 units	$ 155,400
Unit issue costs	(9,935)
	$ 145,465

8. CONTINGENT LIABILITIES AND COMMITMENTS

Commitments for net operating lease payments for each of the next 5 years and thereafter are as follows: 2002 - $2,075; 2003 - $1,490; 2004 - $973; 2005 - $612; 2006 and thereafter - $74.

To comply with a consent decree signed with the Attorney General of the State of Maine, the Company must invest US$12 million in the state by the year 2012, of which US$7 million must be invested by 2003. In addition, the Company must maintain minimum annual production of 550,000 cases and must have in place annual production capacity of one million cases in Maine at the end of the twelfth year following the acquisition. To December 31, 2001, the Company has spent approximately US$3.1 million.

The Company's operations are subject to numerous laws related to environmental liabilities. The Company has performed site assessments at its facilities. When it is probable that a liability to remediate a site will be incurred and the amount can be estimated, an accrual is made. When the Company cannot determine the likelihood that remediation will be required on the site, no liability is accrued. The Company's estimate of the cost of remediation on sites for which the likelihood cannot be determined that remediation will be required is $0.7 to $1.1 million.



9. SEGMENTED INFORMATION

The operation of the Company is primarily in Canada and the United States. Revenue is attributed to customers based on location of customer.

Sales	2001
Canada	$ 3,639
United States	13,546
Other	7,848
Combined	$ 25,033

Net book value of property, plant and equipment, goodwill, and brands and trademarks	
Canada	$ 54,202
United States	12,507
Other	7
Combined	$ 66,716

10. FINANCIAL INSTRUMENTS

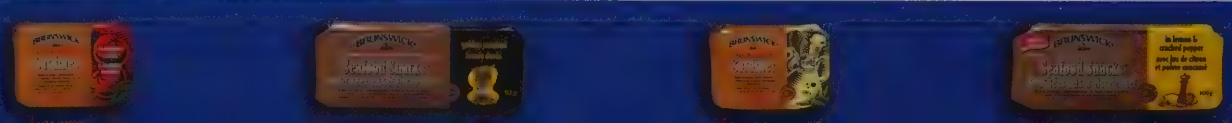
(a) Currency derivatives

The Company manages its exposure to fluctuations in exchange rates, on United States dollar denominated revenues using currency derivative agreements to exchange Canadian dollars for up to US$46.0 million. The derivatives are a hedge against exchange rate fluctuations on the Company's United States dollar net assets. The current derivatives mature November 2003. Currency adjustments receivable or payable arising from the derivatives may be settled in cash on maturity or the term may be extended.

(b) Counterparty risk

Changes in the underlying exchange rates and interest rates of the fund's currency derivatives will result in market gains and losses. Furthermore, the fund may be exposed to losses should any counterparty to its derivative contracts fail to fulfill its obligations. The Company has sought to minimize potential counterparty losses by transacting with counterparties that have a minimum A rating and placing risk adjustment limits on its exposure to any single counterparty. The Company has implemented internal policies, controls and reporting processes permitting ongoing assessment and corrective action respecting it derivative activity. In addition, principal amounts on currency derivatives are netted by agreement.

The carrying amounts of accounts receivable and accounts payable and accrued liabilities approximate their fair values because of the short-term maturity of these financial instruments. The fair value of the long-term debt cannot be determined due to the special purpose of the debt and nature of the lender. The fair values of foreign exchange contacts are estimated based on the market spot and forward exchange rates and, where appropriate, option volatility for foreign exchange contracts of the same remaining maturities. The estimated fair value liability of foreign exchange contracts is $0.6 million.




BRUNSWICK
Sardines
BRUNSWICK
Seafood Snacks
Bouchées aux fruits de mer
kippered
BRUNSWICK
Sardines
BRUNSWICK
Seafood Snacks
Bouchées aux fruits de mer
in hot sauce
à la sauce
piquante

Notes

Connors Bros.
Income Fund

Connors Bros.® Income Fund

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TRANSFER AGENT

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Income Fund